



Financial

The City of Baltimore draws from a variety of sources to fund its Capital and Operational budgets. The Operational budget draws on property taxes, income taxes, federal grants, charges for service, state grants, state shared taxes, other local taxes, and other sources. The Capital budget's funding sources include Revenue Bonds, General Obligation Bonds, Motor Vehicle Revenue funds, federal and state grants, and other sources such as Water and Wastewater Utility Revenue funds. For Fiscal Year 2006, the City of Baltimore's Capital and Operating Budgets totaled \$2.318 billion dollars.

General Fund is the central fund into which most of the City's tax and unrestricted revenues are budgeted to support basic City operations and pay-as-you-go capital projects.

Motor Vehicle Revenue funds are revenues distributed to the City of Baltimore by the State of Maryland. Funds must be used for the construction, reconstruction, or maintenance of the streets and highways in the City.

Revenue Bonds and General Obligation Bonds are borrowed funds whose redemption and payment of interest is guaranteed by the faith, credit, and taxing power of the City. General Obligation Bonds are approved at referendum every two years.

Community Development Block Grant monies are federal funds distributed to the City of Baltimore to be used at the discretion of the City for broad community development programs and initiatives.

Water and Wastewater Utility funds are two funds established to budget for the operating and capital expense of the City's water supply system and wastewater facilities.

Capital Improvement Programming

One of the most important ways the City of Baltimore implements the policies and projects envisioned in the Comprehensive Master Plan is through the

Capital Improvement Program (CIP). The City Charter requires the Planning Commission to prepare annually a six-year recommendation for capital improvement programming (Art. IV Sec.4(b)). The CIP adopted by the Planning Commission is a complete listing of physical improvements that the Commission believes the City should fund during the six-year period covered by the program. The program is developed by the Department of Planning after soliciting and reviewing requests of the various City agencies. The Department of Planning, through careful, deliberate analysis of the submissions, detailed discussion with the submitting agencies, either adds or deletes projects, so that the CIP will be in keeping with the directions set forth in the Comprehensive Master Plan. These decisions are made to ensure that the expenditures are inline with the overall City vision, the needs of the citizens, and meet the necessary funding requirements. This comprehensive approach to programming these projects allows the City to deliver a more efficient product, reducing unnecessary duplication, avoiding conflicts, and maximizing cost sharing with state and federal resources.

The CIP process for each fiscal year (from July 1 –to June 30) begins in the preceding September with requests to City agencies to submit program requests for the upcoming six-year CIP. The agency is provided targeted amounts from each available funding source. The agency provides a brief description, justification, and detailed cost estimate of the project being proposed. The agency also lists its appropriation requests, by fund source, for the six-year program. The agencies must submit their requests to the Planning Commission on or before December 1.

The Planning Commission is charged with reviewing each agency submission and with developing a recommended CIP program on or before March 1. The Department of Planning staff works with the Commission and the submitting agencies to develop recommendations on each of the requests. The Department's staff reviews each project to ensure it best matches the needs of the City of Baltimore. Some of the criteria to which a project must answer include:

- The relationship of the requested project to the Comprehensive Master Plan and major policy initiatives of the City;
- The degree and availability of coordination between projects, including timing and shared resources;
- Constituent support; and
- Availability of financing from City and non-City sources, including anticipated impact to the overall City budget.

While the Department of Planning, in consultation with the Department of Finance, develops target funding amounts for each submitting agency, there are occasions when the number and/or cost of projects that are deemed to meet the criteria stated above exceed the available funding. In these instances, the Department of Planning staff must prioritize the project requests. In considering this prioritization, Planning staff look to maximize the impact of the project, directing toward the goals set forth in the Comprehensive Master Plan. The Department of Planning staff in consultation with the Planning Commission develops recommendations for the CIP.

As part of the Planning Commission's deliberations over approving the recommended CIP, each agency is invited to brief the Commission on their program requests. After weighing all considerations, the Commission adopts a six-year CIP program, which is then presented to the Board of Estimates. The Board of Estimates (BOE) then forwards the CIP to the Director of Finance and the Board of Finance for review and recommendations. Upon receiving a favorable recommendation from the Director and Board of Finance, the Board of Estimates officially adopts the CIP six-year program. This does not legally bind the City to appropriate the funds for the six years. The City Council's approval of the first year of the CIP as part of the Ordinance of Estimates (City budget) actually commits the City to financing the project for the first of the six years. However, because the Board of Estimates is composed of the Mayor, the President of the City Council, and the Comptroller, adoption of the six year program by the BOE indicates a serious commitment on part of the City to implement the six-year program.

General Obligation Bonding Authority

As a major source of Capital budget, General Obligations Bonds are programmed in a similar manner to the CIP. Beginning nearly two full years prior to the fiscal years they become available, City agencies are invited to submit to the Planning Commission requests for the General Obligation (GO) Bonds programming. These bonds are subject to approval by the constituency in the November election, preceding the fiscal year in which these monies would be available. This program is for two years worth of bonds and is repeated every two years to coincide with even-year general elections.

Similar to the CIP, City agencies are asked to submit their two year GO Bond requests for specific projects, series of projects, or funding for other agency needs. City agencies are asked to submit these requests 14 months prior to the General Election to which they will be subject (22 months prior to the fiscal year in which the monies will be available). The requests are typically well matched with agencies' CIP request as the cyclical pattern of each of these programs allows for good coordination in long range forecasting. As with the CIP, the Department of Planning, in conjunction with the Department of Finance, establishes target funding levels for the agency's requests.

The Planning Commission, along with the Department of Planning staff, reviews the GO Bond request through a similar process as the CIP programming in order to ensure that the GO Bond request is well matched to the priorities set forth in the Comprehensive Master Plan. Upon approval by the Planning Commission, the GO Bond program is forwarded to the Board of Estimates for approval. The approved program is presented to the City's state representatives. The City Delegation to Annapolis introduces authorizing legislation enabling the GO Bond program to be placed on the November ballot. Once approved by the state legislature, the City Council introduces legislation to place the program on the November ballot for approval by the constituency. If and when the ballot issues are approved by the voters, the bonds are sold and the funds made available for the subsequent fiscal year.